THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The Empowered Committee of State Finance Ministers, which is a representative body of all States has fixed the rates of tax under the VAT system as 1%, 4% and 12.5%. In addition certain goods will be exempt from tax under the VAT system.

(c) and (d) It has been decided by the Empowered Committee that under the exempted category there will be about 46 commodities comprising natural and unprocessed products, items which are legally barred from taxation and items which have social implications. Gold, silver, bullion, precious stones etc. shall attract 1% rate of VAT. Under 4% VAT category, about 270 commodities will be there, comprising items of basic necessities, all agricultural and industrial inputs, capital goods and declared goods. The remaining commodities shall fall under the general rate of VAT of 12.5%.

Waiver of loans to Karnataka and Orissa

3442. MS. PRAMILA BOHIDAR:
SHRI B.J. PANDA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that State Government of Karnataka has made a request for waiver of their loan and readjustment of high rate of interest;

(b) if so, the details thereof;

(c) whether Government would also extend this facility to the cash-strapped State Orissa which is under unsustainable debt burden; and

(d) if so, the details of the relief proposed to be offered to Orissa State?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir.

(b) and (c) Do not arise.

(d) Government of India has accepted the recommendation of Twelfth Finance Commission (TFC) for debt consolidation and waiver of outstanding GoI debts. This scheme would benefit the Government of Orissa with estimated lower interest of Rs. 1008.43 crore, lower repayment of Rs. 872.85 crore and debt waiver of Rs. 1751.29 crore over the next five years *i.e.* 2005-10, if the State meets necessary conditions.